

Message Text

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72

ACTION EUR-12

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INFO AMEMBASSY BONN

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AMEMBASSY LUXEMBOURG

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USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: THE JONES INITIATIVE

REF: LONDON 8818

SUMMARY - JACK JONES, THE TUC'S SINGLE MOST POWERFUL
TRADE UNION LEADER, DECLARED THAT THE TUC WOULD NOT CO-
OPERATE WITH THE GOVERNMENT IF IT ATTEMPTED TO IMPOSE A
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STATUTORY INCOMES POLICY OR A VOLUNTARY INCOMES POLICY

BACKED UP BY STATUTORY RESERVE POWERS, ALTHOUGH, HE ADDS, "THE TUC WOULD OBEY THE LAW". JONES BELIEVES THAT HIS PROPOSAL FOR A FLAT-RATE PAY INCREASES (REFTEL) WOULD PROVIDE A BASIS FOR WORKABLE WAGES POLICY TO HELP LOWER THE LEVEL OF INFLATION, PROVIDING THE CBI ACCEPTS IT. JONES MADE THESE AND OTHER COMMENTS DURING A MEETING WITH LONDON-BASED LABOR ATTACHES. (HIS COMMENTS ON THE GENERAL POLITICAL SITUATION AND ON TUC'S INTERNATIONAL POLICY WILL BE DESCRIBED IN SEPTELS.) END SUMMARY.

1. THE JONES INITIATIVE, WHICH GAINED SOME SUPPORT AT THE TUC ECONOMIC COMMITTEE MEETING ON WEDNESDAY, JUNE 11, CALLS FOR A FLAT-RATE WAGE INCREASE -- WHICH HE SET AT 9 OR 10 POUNDS -- FOR ALL WORKERS REGARDLESS OF OCCUPATION OR SKILL. (DETAILS OF THE FORMULA HAVE NOT BEEN SPELLED OUT.) JONES BRUSHED ASIDE THE OPPOSITION WHICH HAS ALREADY BEEN EXPRESSED BY SOME LEADERS OF SKILLED WORKERS WHO SAY THAT THE FLAT-RATE APPROACH WILL ERODE DIFFERENTIALS. HE NOTED THAT BETWEEN THE WARS, NATIONAL BARGAINING CENTERED ON THE FLAT-RATE COST OF LIVING BONUS AND WAS ACCEPTABLE TO SKILLED WORKERS. HE ADDED THAT, IN ANY CASE THE SYSTEM WOULD BE IN EFFECT FOR A LIMITED PERIOD.

2. THE REAL CRUNCH, AS JONES SEES IT, IS WHETHER THE CBI, WITH WHOM THE TUC WILL BE TALKING SHORTLY, WILL ACCEPT THE INITIATIVE -- ACTUALLY WHETHER THE CBI WOULD BE PREPARED TO ACCEPT THE TUC'S FLAT-RAISE FIGURE OF 9 TO 10 POUNDS (WHICH APPEARS UNLIKELY). "LET'S SEE", HE SAID "IF THE CBI IS PATRIOTIC". JONES SAID THAT A SINGLE, CLEAR, FLAT RATE AGREEMENT TO BE WORKED OUT WITH THE CBI IN THE FORM OF A COLLECTIVE AGREEMENT IS ONE WHICH EVERYBODY SHOULD BE ABLE TO ACCEPT FOR A PERIOD OF TWELVE MONTHS. IF THE CBI AND THE TUC WERE TO AGREE, THEN JONES IS CONFIDENT THE TUC WOULD BE ABLE TO GET A MAJORITY OF ITS UNIONS TO ACCEPT THE IDEA BY THE TIME OF THE ANNUAL TUC CONGRESS IN BLACKPOOL THIS SEPTEMBER.

3. COMMENT: THE JONES INITIATIVE COMES AT A TIME OF ACCELERATING INFLATION. PRICE FIGURES OUT TODAY SHOW A LIMITED OFFICIAL USE

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RISE OF 25 PERCENT OVER THE LAST TWELVE MONTHS, AND THE CHANCELLOR OF THE EXCHEQUER CONTINUES TO PROMISE TO TAKE ACTION OF SOME KIND TO BRING INFLATION DOWN. AT THE SAME TIME, IT IS CLEAR THAT THE GOVERNMENT IS BRINGING PRESSURE ON THE UNIONS TO DO SOMETHING ABOUT THEIR WAGES POLICY. WHETHER JONES IDEA -- PERHAPS MUCH MODIFIED IN INTER-UNION NEGOTIATIONS AND WITH THE CBI -- AT LEAST AS TO ITS LEVEL, CAN PROVIDE THE BEGINNINGS OF A SERIOUS

EFFORT TO ESTABLISH A VIABLE WAGES POLICY REMAINS TO BE
SEEN. MANY OBSERVERS CONTINUE TO BE SKEPTICAL, ALTHOUGH
A HIGH OFFICIAL OF THE DEPARTMENT OF EMPLOYMENT WELCOMED
THE JONES IDEA IN PRINCIPLE BECAUSE UNLIKE THE CURRENT
WAGE GUIDELINE OF THE SOCIAL CONTRACT, IT WAS CLEAR AND
UNAMBIGUOUS.

RICHARDSON

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